삼 해 보 험 회 사

SAMHAE INSURANCE COMPANY

2019

ANNUAL REPORT

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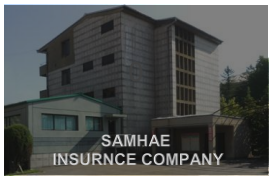
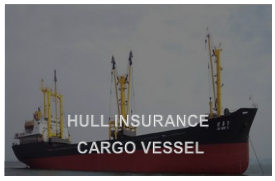
SAMHAE AT A GLANCE



SAMHAE INSURANCE COMPANY was established according to the Approval No. **"BH10510061"** of State Insurance Commission of DPR Korea dated by 6th October 2016.

The word "SAMHAE" literally means "the three seas" embracing the Korean Peninsula and the Company mainly underwrites marine insurance risks from domestic and overseas market.

The Company is located in Pyongyang, the capital city of DPR Korea, and has 10 local branch offices throughout the country with over 150 staff members.



PAID-UP CAPITAL:

KPW 3,000,000,000

THE MISSION OF THE COMPANY:

To Protect and Promote the national maritime industry and to bring Prosperity

CORE VALUE OF THE COMPANY:

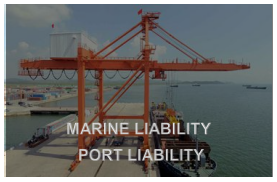
Easy to contact, quick response, customer satisfaction and professionalism

THE OBJECTIVES OF THE COMPANY:

- The Company will protect the economic interests of all the shipping, transport, and fishing companies in the country by providing comprehensive marine insurance services.

SAMHAE AT A GLANCE

- The Company will protect the optional economic interest of foreign investors investing in shipping and fishing industry of DPR Korea by providing professional marine insurance services for them.



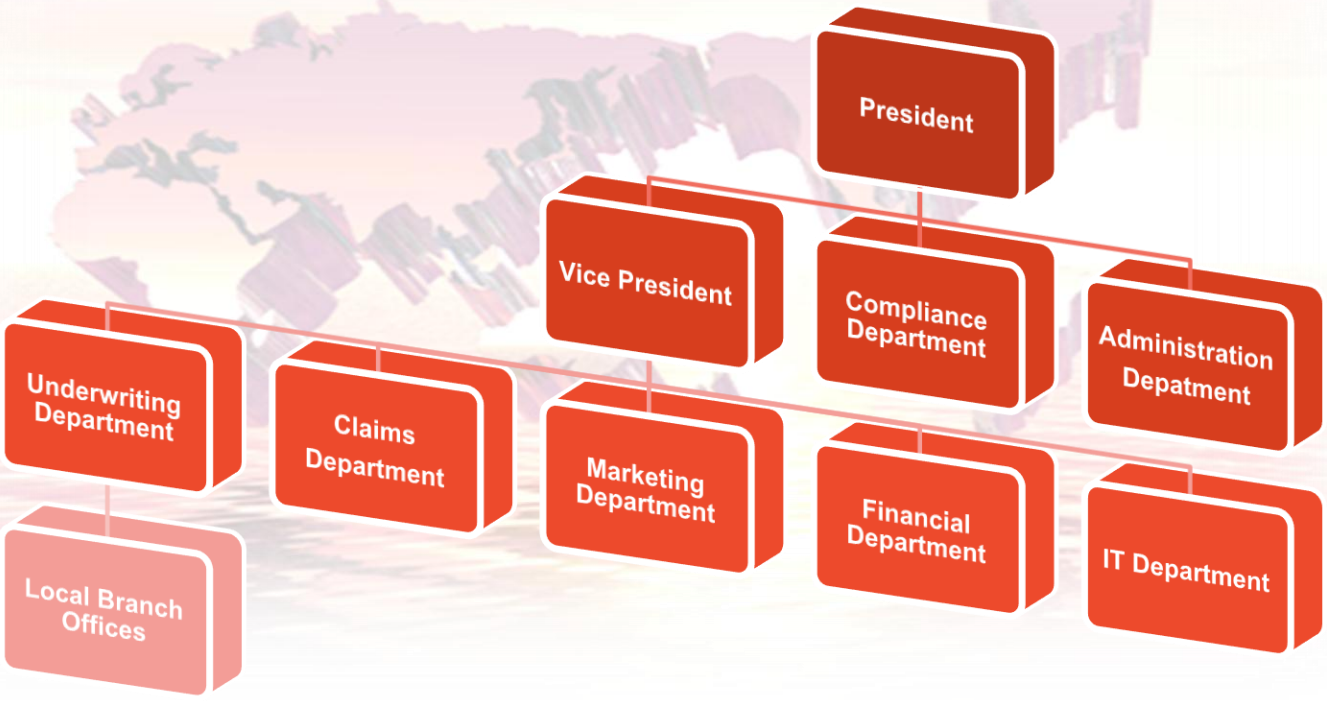
- The Company will develop direct and indirect cooperation with international insurance organizations and foreign insurance companies and carry out its insurance and reinsurance operations on a worldwide scale.

THE INFRASTRUCTURE OF THE COMPANY:

HEAD OFFICE:

HAEBANGSAN-DONG, CENTRAL DISTRICT, PYONGYANG, DPR KOREA

ORGANIZATIONAL STRUCTURE:



GROWING COMPANY

SAMHAE IN FIGURES

Figures in KPW
KPW 130:CHF 1

ITEMS	2019	2018	2017
EQUITY	3,805,344,519	3,470,363,844	3,156,143,400
TOTAL ASSETS	4,326,984,964	4,198,278,196	3,685,148,997
GROSS PREMIUMS WRITTEN	1,186,861,230	894,889,383	431,897,605
NET PREMIUMS EARNED	1,141,225,035	775,916,228	309,525,863
GROSS CLAIMS PAID	(460,932,040)	(192,148,952)	(62,807,472)
UNDERWRITING PROVISIONS	361,127,218	316,375,468	177,060,597
EARNINGS BEFORE PAYMENT TO STATE	478,543,822	448,886,349	205,419,179
NET INCOME FOR THE YEAR	334,980,675	314,220,444	143,793,425

MESSAGE FROM PRESIDENT

Dear Sirs and Madams,

It is my pleasure to present the Annual Report 2019 and audited financial statement of SAMHAE INSURANCE COMPANY.

I understand that this report will deliver a clear message to you with the performance result of the Company in 2019, as well as its further plans.

Again, in 2019, true to your interests and expectations, SAMHAE has built up a new picture of business booming with more sophisticated underwriting policy and the latest insurance technology.

Last year 2019 was another upbeat year for the national insurance industry and SAMHAE delivered successful performance in its marine insurance business.

Under the wise leadership of the party and the unified guidance of the state the national economy is undergoing a continuous development. In the midst of it, the construction projects of fashionable cities, tourist resorts, large scale greenhouse farms and irrigation canals were proceeded in high gear.
During that time, the volume of cargo transport of marine, overland land and air increased remarkably, many vessels were newly built and the modernization plan of the vessels was in a fast progress.
Such the developing trend of the national economy is giving a good opportunity to our Company.

The gross written premium totaled KPW 1,186,861,230 in 2019, an increase of 32.63% over the previous year.

MESSAGE FROM PRESIDENT

In 2019, SAMHAE put greater emphasis on the Company's fundamental principles of "business governance improvement, risk prevention and balanced development".

Furthermore, in compliance with the requirements of internal regulations, risk management and the principles of responsibility, transparency, fairness and prudence, the Company enhanced the role of its business departments by improving the internal competition and creating balanced mechanism.

The positive development achieved in 2019 is attributable to the Company's continuous effort to improve business governance, capability of risk prevention and technical innovation.

And the notable upsurge we have attained this year is the outcome of the dynamic effort, devotion and high sense of responsibility of all the staff members and the Company highly appreciates their exertions.

Now we are advancing towards another new decade with confidence and enthusiasm.

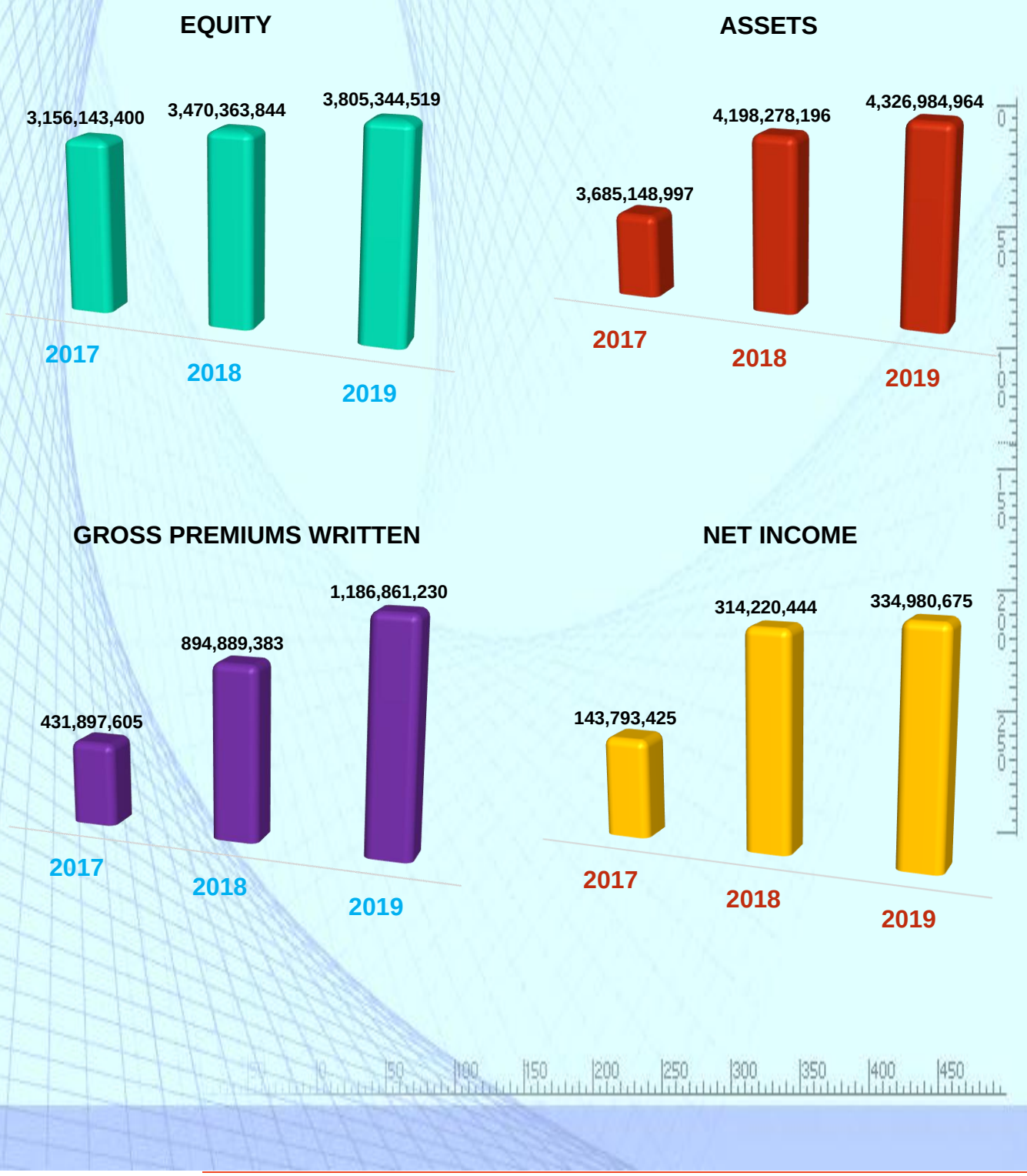
SAMHAE will continuously make energetic effort to devote to the development of national maritime industry by focusing on the achievement of its high status and role in the insurance circle.

Finally, I hereby would like to convey my sincere gratitude to all the company members for their endeavor to devote themselves to the progress of the Company, as well as to our partners who have been cordially supporting our development during the year.

Yours faithfully

KIM SONG HO

STATISTICAL CHARTS FOR 3 YEARS



BUSINESS PERFORMANCE IN 2019

CARGO INSURANCE

In 2019, the premium from Cargo Insurance business amounted to KPW 705,675,288.
Successful achievement in this line of business was achieved especially from marine and inland transport.
In addition, the cargo insurance for domestic air transport significantly increased in volume of policies.
Premium income from Cargo Insurance business accounts for 59% of the overall premium income of the Company.

MARINE HULL INSURANCE

In 2019, the written premium of Marine Hull Insurance reached KPW 364,566,544 accounting for 31% of the annual turnover of the Company.
In order to ensure flexibility and effectiveness in handling Hull Insurance business, the agents of the Company were dispatched in the ports, harbors and shipyards and preceded on the spot insurance activities and moreover the Company concluded agency agreement with institutions, entities and individual persons to actively improve the insurance activities.
Meanwhile, the Company managed to identify the exact number of vessels on the stocks and provide appropriate services for shipbuilders, ship owners and managers.

MARINE LIABILITY INSURANCE

During the year, the Company conducted on-site condition surveys for P&I Insurance and Port Liability Insurance in April, August and November in cooperation with C&CD (Claims and Correspondents Department of DPRK) and the results of which were quite good.
The premium income from P&I Insurance and Port Liability Insurance reached KPW 87,864,016 and KPW 28,755,382 respectively.

BUSINESS PERFORMANCE IN 2019

REINSURANCE

In 2019, the Company projected to expand its presence in the international insurance market and achieved positive result.
The Company successfully renewed reinsurance contracts of the previous year with the original and new reinsurers.
Incoming reinsurance agreements were concluded and it gave us a good prospect to approach the international market.
At present the share of reinsurance business in the Company's portfolio is not so much but such the positive result is making a good beginning of success.
Moreover, the promises of the further cooperation with the new brokers and reinsurers of international market were made through the talks and communications during the year.

LOSS SETTLEMENT

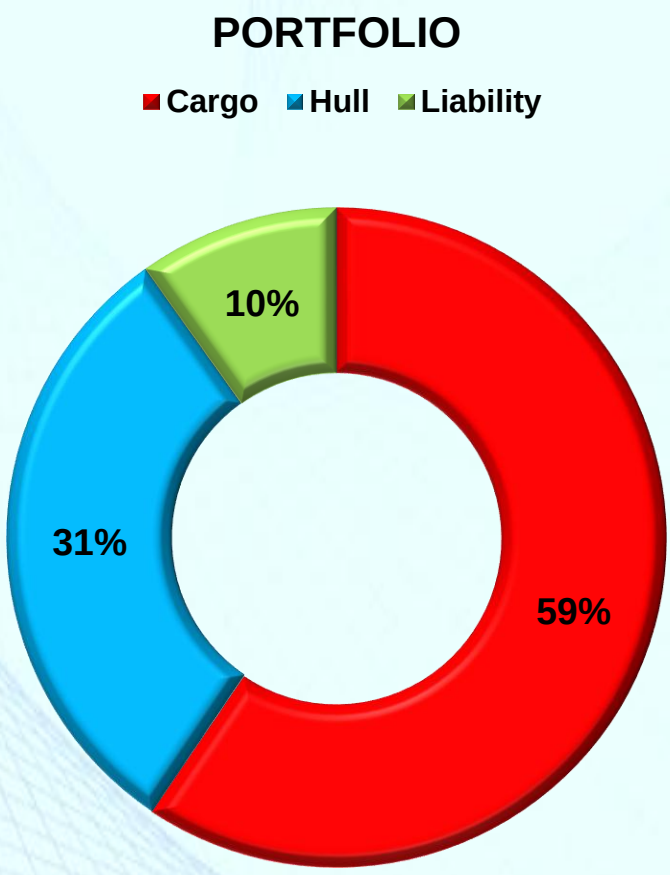
Loss settlement is one of the most important tasks for an insurance company.
Using its own financial reserve, the Company compensated the insureds in a timely, impeccable, and reasonable manner for their losses caused by natural disasters and accidents during the year.
The claims paid during the year under review amounted to KPW 460,932,040 and the high financial reliability was fully displayed to the customers.

MANAGEMENT OF HUMAN RESOURCES

The management of human resources is a major link in the whole chain of business operation of a company and SAMHAE is paying primary attention to this field.
In 2019, the recruitment activities to improve the Company both in quality and quantity to meet the requirement of human resources were carried out in head office and local branch offices under the principle of merit system.
And special business training projects which were drown up to strengthen intellectual power of the staff members of the Company were successfully implemented.

OPERATIONAL REVIEW

ITEMS	CARGO INSURANCE	MARINE HULL INSURANCE	MARINE LIABILITY INSURANCE
PREMIUMS WRITTEN (KPW)	705,675,288	364,566,544	116,619,398
LOSS RATIO (%)	49.66	37.00	29.09



BALANCE SHEET

FINANCIAL STATEMENT

Balance Sheet as at 31 December 2019

Figures in KPW
KPW 130:CHF 1

ASSETS	2019	2018	2017
Cash and cash equivalents	3,872,131,329	3,756,398,087	3,296,800,008
Receivables	62,550,733	43,026,029	94,090,429
Premises and equipment	356,384,000	359,328,000	275,008,000
Intangible and other assets	35,918,902	39,526,080	19,250,560
Total assets	**4,326,984,964**	**4,198,278,196**	**3,685,148,997**
EQUITY AND LIABILITIES			
Equity	**3,805,344,519**	**3,470,363,844**	**3,156,143,400**
Paid-up capital	3,000,000,000	3,000,000,000	3,000,000,000
Retained earnings	470,363,844	156,143,400	12,349,974
Profit or loss for the period/year	334,980,675	314,220,444	143,793,425
Liabilities arising from insurance contracts	**361,127,218**	**316,375,468**	**177,060,597**
Provision for unearned premiums	300,745,318	271,322,668	153,888,397
Provision for outstanding claims	58,340,000	39,520,000	12,400,000
Other underwriting provision	2,041,900	5,532,800	10,772,200
Long-term debt	**157,800,000**	**239,800,000**	**297,000,000**
Other liabilities	**2,713,227**	**171,738,884**	**54,945,000**
Total equity and liabilities	**4,326,984,964**	**4,198,278,196**	**3,685,148,997**

STATEMENT OF PROFIT OR LOSS

Statement of Profit or Loss for The Year Ended 31 December 2019

Figures in KPW
KPW 130:CHF 1

ITEMS	2019	2018	2017
Net underwriting result	**664,963,895**	**555,059,408**	**230,373,459**
Gross premiums written	1,186,861,230	894,889,383	431,897,605
Reinsurance premiums ceded	(13,500,318)	-	-
Change in provision for unearned premiums	(32,135,877)	(118,973,155)	(122,371,742)
Net premiums earned	1,141,225,035	775,916,228	309,525,863
Gross claims paid	(460,932,040)	(192,148,952)	(62,807,472)
Reimbursement of claims for risks ceded to reinsurers	-	-	-
Change in provision for outstanding claims	(18,820,000)	(27,120,000)	(12,400,000)
Change in other underwriting provision	3,490,900	(1,587,868)	(3,944,932)
Other income	**4,310,000**	**21,607,000**	**27,644,815**
General and administrative expenses	**(190,730,074)**	**(127,780,059)**	**(52,599,095)**
Profit/loss before payment to state	**478,543,822**	**448,886,349**	**205,419,179**
Payment to state	**(143,563,146)**	**(134,665,905)**	**(61,625,754)**
Profit/loss for the period/year	**334,980,675**	**314,220,444**	**143,793,425**

STATEMENT OF CASH FLOWS

Statement of Cash Flows for The Year Ended 31 December 2019

Figures in KPW
KPW 130:CHF 1

ITEM	2019	2018	2017
Cash flows from operating activities			
Cash from operating activities	524,469,914	594,979,504	313,550,921
Payment to state	(143,563,146)	(134,665,905)	(61,625,754)
Net cash from operating activities	**380,906,768**	**460,313,599**	**251,925,168**
Cash flows from investing activities			
Purchase of assets	(12,973,526)	(113,715,520)	(153,500,160)
Net cash from investing activities	**(12,973,526)**	**(113,715,520)**	**(153,500,160)**
Cash flows from financing activities			
Net borrowings	(252,200,000)	113,000,000	153,000,000
Net cash from financing activities	**(252,200,000)**	**113,000,000**	**153,000,000**
Net change in cash and cash equivalents	**115,733,242**	**459,598,079**	**251,425,008**
Cash and cash equivalents at the beginning of the period/year	**3,756,398,087**	**3,296,800,008**	**3,045,375,000**
Cash and cash equivalents at the end of the period/year	**3,872,131,329**	**3,756,398,087**	**3,296,800,008**

PYONGYANG OFFICE OF AUDITORS OF DPR KOREA

INDEPENDENT AUDITOR'S REPORT

We have audited the company's financial statements including but not limited to Balance Sheet, Income Statement and Cash Flow Statement which were drafted by SAMHAE INSURANCE COMPANY for the accounting year from 1st January to 31st December, 2019.

SAMHAE's responsibility for the financial statements
SAMHAE is responsible to prepare and present these financial statements in accordance with the Law on Financial Management and the Public Accounts Law of DPR Korea.

Auditor's responsibility
Our responsibility is to check these financial statements and notify SAMHAE of our official results.
We have audited financial statements in conformity with the Law of Auditing of DPR Korea.
In order to verify the accuracy of financial statements, we selected the crucial documentation according to our criteria and checked the figures shown therein together with assets management status. Not only the accuracy of financial statements but also the competency of accounting principles was closely examined. We believe that we have done our job and presented our opinion as professional auditors on a reasonable basis.

Audit opinion
We, Pyongyang Office of Auditors, opine that the audited financial statements are in full compliance with the Law of Auditing of DPR Korea and that they give a true and unbiased view of the financial position and the operating activities of SAMHAE as at 31st December, 2019.

21st April, 2020

Han Myong Il, Director, Pyongyang Office of Auditors of DPR Korea

O Un Hyang, Manageress, Pyongyang Office of Auditors of DPR Korea

Pyongyang Office of Auditors of DPR Korea

Saemaul-dong No 1, Phyongchon District, Pyongyang

OUR PROSPECTIVE PLAN

- To improve services like introduction, propaganda, and free on-line service to attract public interest in our insurance business;
- To promote the business relationship with new brokers, insurers and reinsurers in domestic and overseas market to achieve worldwide collaboration on the insurance and reinsurance circle;
- To introduce the latest achievements of insurance technologies such as AI Technology, Blockchain Technology and Mobile-based Insurance Service to ensure the promptness and scientific accuracy in insurance business;
- To convert the current profit-oriented business into the new type of business of creating and protecting of intellectual property and the labor-, energy-, cost-, and land saving business.

COMPANY CONTACT INFORMATION

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E-MAIL : samhae@silibank.net.kp

WEBSITE : www.samhae.com.kp

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SAMHAE INSURANCE COMPANY

2019